

Statement of

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Introduction

Good morning. My name is Harris N. Miller, and I am President and CEO of the Career College Association (CCA). CCA represents almost 1,600 accredited career colleges, educating an estimated 1.7 million students in 200 professional, technical, and career fields. Our schools offer PhDs, Masters, baccalaureate, and associate degrees and certificate and diploma programs. All of our schools must have approval of the Federal government, appropriate state government agency, and one or more accrediting bodies recognized by the U.S. Department of Education in order to participate in Title IV student aid programs.

I want to thank Chairmen Hinojosa, Ranking Member Guthrie, and all the Subcommittee Members for holding this hearing today. The career college sector shares a commitment to regulatory oversight that protects students and taxpayers, maintains high standards for schools and the delivery of education, and fosters the ability of Americans to improve themselves and to take their place in a competitive workforce. The very name of this Subcommittee, with the tie between higher education and competitiveness, speaks directly to the purpose and vision of the sector I represent.

Our sector focuses strongly not only on the educational inputs of higher education—great teachers, top notch classrooms with up to date technology, strong reference materials, a positive learning environment—but also on the outputs—graduating students and getting them started in careers—which are another key measure of the success of institutions of higher learning. Our national drop in the world rankings from 1st to 10th or lower in people with college degrees has as much to do with students not completing the education they start as any other factor. And while the previous Administration and this Administration use slightly different terminology when talking about outputs, we applaud them both for asking the tough questions and pushing for answers on how we get more students to the finish line and into careers for which they are being educated. The American taxpayers and this Congress—in a bipartisan fashion—are asking a key accountability question about this nation’s financial commitment to higher education: What is the return on the investment? CCA and our members strive to answer that question every day for our economy and, most importantly, for the students who give their time and money to attend our institutions.

Schools in our sector are also proud of their ability to adjust their programs to ensure that the education they are providing will help their students launch or improve their careers. This nimbleness reflects the changing nature of work, and the preparation necessary to be effective. Job titles such as nurse, computer programmer, and automobile mechanic require quite different skills than twenty years ago or even five years ago. By constant interaction with the employer community, our schools are aware of changing education requirements and the labor market generally. They can add capacity quickly when labor market trends demand it. That is why, for instance, our sector now produces the largest percentage of new entrants into allied

health in Florida. Our schools have seen a demand, and increased their capacity to educate individuals to meet it.

Our schools are leaders in innovation. While much of higher education now uses web-based learning—a learning technique that was recently endorsed by a report commissioned by the United States Department of Education—schools in the for profit sector were on the forefront of using technology to improve access and provide flexibility to higher education, while maintaining high standards. Schools in our sector have partnered with high schools in cities such as Chicago to offer disadvantaged students the opportunity to obtain a high school degree and an associate’s degree at the same time, increasing graduation rates and providing students a jump start on their careers.

Let me say up front: there is no room for cheating in the process of higher education, whether by students, teachers, administrators, other school personnel, or outside testers and evaluators. Last month, the Government Accountability Office (GAO) issued a report on career colleges. We were disappointed to learn about a limited number of abuses allowing unqualified students to gain admittance and to access federal Title IV funds. We abhor any practice that breaks the rules or the law to admit unqualified students, whether through fraudulent testing practices or bogus high school degrees. We also hate high school diploma mills. We share the government’s interest in eliminating any form of fraud and abuse associated with the Title IV program.

At a time of economic turmoil, when the nation needs to get the most from its human capital, episodes of cheating are a costly distraction from our core mission: helping America to build a more globally competitive workforce. Our schools work to advance this mission every day. For instance, eight of the ten fastest growing occupations and occupations projected to have the largest numerical increases requiring an associate level degree are in healthcare or computer professions. Half of those requiring a baccalaureate degree are in the healthcare or computer professions.¹ Almost one-third of the degrees, diplomas and certificates conferred by schools in the career college sector (30.6 percent) relate to healthcare or medical careers; an almost identical percentage (29.9 percent) is awarded in information technology.

In the career education sector, we leave basic and applied research, classes in Middle English or Renaissance Art, and major intercollegiate athletics to others. Instead, career college curricula respond to the skills employers seek most, today and tomorrow. By doing so, our institutions raise higher education to the power of the marketplace. We reject the agrarian era timetable for education, in which students take off summers and often long periods in the winter, in favor of year round education that allows students to complete their degrees quickly—2.5 or 3 years for a bachelor’s degree, for instance--and get on with their professional lives. We see the students as customers who deserve not only the most up to date classrooms, textbooks, faculty, and facilities, but personal attention to assist them find jobs, deal with personal

¹ Growth in HIT Workforce: Bureau of Labor Statistics *Occupational Outlook Handbook*, 2008-09

challenges in their lives, and help remediate educational shortcomings that too often remain from their primary and secondary education.

Americans are responding to this different approach to postsecondary education in dramatic numbers. The career education sector represents nine percent of higher education enrollments and average annual enrollment is growing at almost double digit rates. That rapid growth has accelerated even more during the last 18 months as higher unemployment has lead many more people to turn to education as they prepare for economic recovery.

But even this pace understates the importance of the career education sector to the economy and the nation. For instance, in terms of associates' degrees, the basic credential for a growing number of entry and mid-level jobs today, our sector awards over 16 percent of all such degrees. Between the 1996-1997 and the 2006-2007 academic years, the number of total degrees awarded by career colleges has increased by 224 percent, from approximately 75,000 to over 240,000.²

We are particularly mindful of issues that relate to how our students enter school because the route is not always the high school-to-postsecondary institution, traditional route. Career college students tend to be working class and lower income individuals, often the first in their family to attend college. About 40 percent are minorities and over half are women. Career college students are often independent working adults with family obligations. Generally speaking, career colleges serve a non-traditional student population—and serve them very well. Although its students are very often not on the “college track” in high school, they get on the fast track in career colleges. Indeed, a new study by the Imagine America Foundation finds that career colleges out-perform other types of institutions when it comes to dealing successfully with at-risk students. The study looks at two key outcome measures across higher education sectors, persistence and attainment, and finds that career colleges often produce better results in these critical areas.³

Non-Traditional Students/All American Values

So who is a non-traditional student? First, as this Subcommittee knows, they may soon be the majority of students in postsecondary institutions. At career colleges, community colleges, and even many so-called traditional schools, students who did not enter college directly out of high school and who did not follow a classic college preparation high school curriculum are growing dramatically.

Non-traditional students themselves are varied. For instance, many career college students come back to postsecondary education after first serving in the military. Michael Vera, for

² *The Condition of Education 2009*, U.S. Department of Education, National Center for Education Statistics, Table 42-1, page 103

³ Pre-Release Study, Imagine America Foundation

example, joined the Marines at age 17. As we first reported in CCA's *Link* magazine last fall, Vera, a Jersey City, NJ native, says he was not ready for college immediately after high school:

"I was decent in high school. I just didn't have the focus. I know that doing the traditional college wasn't the right time for me...I thought I needed a good kick in the butt to get myself straight...to mature and to learn some type of responsibility."

Michael's military service included a posting at the Pentagon and duty there on September 11, 2001. Vera was injured when terrorists flew a Boeing 757 into the building. Despite his injuries, he helped 25 others escape the wreckage. Michael ultimately left the military and, while working at the Department of State, enrolled at DeVry University in Arlington, Virginia, to advance his career. And perhaps his traumatic past experience shaped his attitude towards the future.

"I didn't want to go to school and just take courses just to take them," he told CCA's *Link* magazine. "I wanted to be focused on what I really want to study." Michael, who won the 2008 LDRSHIP Award for his heroism from the Imagine America Foundation, plans to become a security engineer.

Michael is not alone. Approximately 20 percent of those receiving veterans' benefits enroll in career colleges. Like other non-traditional students, they are attracted by the flexible schedules and hands-on approaches that characterize our schools. But they are also apt to find that career colleges are better aligned with their interests in getting an education and getting on with life.

Our students can also be individuals who have taken life out of the traditional order, many entering college after starting a family or working for a few years perhaps at places that do not require postsecondary skills—but also offer few chances for economic advancement. Sometimes these individuals become heroes of the home front. I am struck by how many times I hear older students tell me that their own young children see them studying at the kitchen table and get motivated to do likewise. When I speak at a college graduation, I am impressed and moved by the life challenges so many of the graduates have overcome to earn their sheepskins.

Motivation is the key. Students come to career colleges ready to succeed, and career colleges help students put the pieces where they belong. This assistance means working together to remove obstacles to success, whether academic, personal or professional. About 50 percent of our schools operate on an open admissions basis. Our emphasis is on helping every student succeed, not on building a more selective student body than the next school. There are no ivory towers in our sector, but plenty of students with a towering desire to get an education and to get ahead.

Take the example of Pamela Jackson, who attended Everest College in Merrillville, Indiana. Pamela grew up in Cabrini-Green on Chicago's North Side – a development known for being one

of the worst public housing communities in the country. As the daughter of a mother addicted to drugs, Pamela's childhood was hard. Many nights, she and her siblings were left alone with no food and no one to take care of them. When she was 14, Pamela became involved in a gang. This was also when she began living two lives: One as a gang member, the other as an honor student. Pamela's father was one of the few positive role models in her life, instilling in her that education was the key to a better life. But when Pamela was 17, her father was killed as a result of gang violence. While still in high school, Pamela gave birth to two children. Soon after, her mother kicked her out of her home. But those personal challenges did not stop Pamela from being a good student. In fact, she worked harder, graduating high school with honors.

After the birth of her third daughter, Pamela, then 18, realized she needed to focus on a stable career.

She eventually discovered Everest's practical nursing program. Pamela encountered many personal hardships while enrolled in the program – including domestic violence and homelessness – but with the help and encouragement of her nursing instructors and the assistant nursing director, she managed to complete the practical nursing program last April. Despite her many challenges, Pamela was an ideal student with excellent attendance. Pamela passed her state board examination in June 2009 and obtained her nursing licenses in both Indiana and Illinois. Pam had several job offers upon graduation, and with the help of Everest's Career Services team, she currently works at a nursing home as a licensed practical nurse.

Career colleges proved to be the right solution for a younger person like Pamela Johnson. But a difficult economy has forced many middle-aged adults to re-evaluate their skills and to gain a more competitive employment posture. Rick Brandenburg, 47, had not been in a classroom in 28 years. He had reservations about whether he had the stamina and funds to go back to school. With an emerging passion in criminal justice, however, Rick decided to enroll at Kaplan College in Hagerstown, Maryland.

Rick was also impressed with the level of instruction provided by members of the faculty and the flexibility of class schedules. Having a schedule that allowed Rick to work was essential, and he received hands-on instruction from the faculty during his night courses.

According to Rick, "The way Hagerstown College has the classes set up is much more flexible than the local community college. I am able to have a full-time class schedule that only has classes three nights a week. The flexibility made a difference for me."

"I also enjoyed the idea that most of the instructors I've had have experience in the real world. Who better to teach evidence and testimony than someone who deals with it every day? This is the best experience I think you can get."

Since graduation, Rick has been hired by the state of Maryland as a child support enforcement agent.

“I love my job. It is still fairly new, but my education has allowed me to catch on to it very well—it’s my ultimate job.”

Test Fraud: No Pattern of Abuse

Both Pamela Jackson and Rick Brandburg graduated from high school, but many others do not. Drop-out rates in several major metropolitan areas across the country are 50 percent or more. Ability to Benefit tests are an important tool for helping those who may have dropped out of high school and who do not have a GED to regain a foothold on the ladder of success.

But not if the tests are misused. Beyond the civil and criminal penalties that may attach to engaging in such fraud, schools that participate in or support this activity ultimately damage themselves, their reputations and their future viability. The vast majority of schools that play by the rules dislike intensely those that do not. Walk into a career college and you will find students who cannot wait to get to work...to get on with the next lab or classroom experience...to find the answer to the next question. In fields like automotive repair and allied healthcare it is not unusual to see people working in teams or on common, hands-on projects. The education is concise, concentrated, streamlined. Allowing students without the basic ability to perform the work simply slows progress, distracts instructors, and diminishes the learning process for all involved.

The good news is that we do not see evidence that fraud in Ability to Benefit tests or diploma mill use are widespread—nor does the GAO. In fact, the GAO says in its report, “GAO’s findings do not represent nor imply widespread problems at all proprietary schools.” To the extent that admissions problems exist, they are not found exclusively in the career college sector.

Yet one episode of cheating is too many. We support the GAO recommendations to increase Department of Education oversight of ATB testing. Our members maintain lists of diploma mills, and we support the GAO recommendation that the Department of Education provide a list of diploma mills so that schools will not have questions about the legitimacy of a degree. We support appropriate actions against testers or schools operators who are found to have violated the law. We look forward to working with the Department and other stakeholders in the upcoming negotiated rulemaking which will have ATB and diploma mills on the agenda.

Putting the Situation in Context

When considering situations where someone in a school crosses the line, context is critical. Take the example of Ohio, where approximately 300 career colleges educate some 75,000 students. Last year, the State Board of Colleges and Schools reported just six non-student complaints related to advertising and recruitment and just 10 non-student generated complaints overall. The Board reported 58 student complaints, with just five related to admissions problems. Note that complaints are just that and are not necessarily found to have merit. When investigated, oftentimes they are found to have no merit.

In its report, the Ohio Board found much to praise about career colleges in the state:

“Placement statistics compiled in this report indicate that 81% of the individuals who complete their education find employment following their graduation. Ohio’s career colleges and schools have been of great assistance in helping unemployed adults to find jobs. Some of the schools work closely with government agencies like WIA and Vocational Rehabilitation, and in some cases, employers, to assist in paying the cost of these training programs. Through this effort, career colleges and schools are removing some people from public assistance and once again making them taxpayers.”⁴

The report calls Ohio’s career colleges “a positive, economic asset to the State, both as businesses and as educational institutions for several reasons. First, career college and school graduates make a continuing contribution to the economy because of their improved productivity. Graduates of these institutions have higher personal incomes and pay more taxes. Second, career colleges and schools are businesses that pay salaries, buy goods and services from other businesses and pay taxes to the local, state and federal government.”

According to the report’s findings, career colleges generate \$450 million in economic activity in Ohio and pay \$37 million in taxes. Moreover, were there no career colleges in Ohio, the Board estimates that the state would be paying an additional \$75 million to educate these students.⁵

Job placement assistance is one of the most attractive aspects of career colleges and placement in field is a key to success in student loan repayment. To retain their accreditation status, institutions accredited by the Accrediting Council for Independent Colleges and Schools must maintain a placement rate of 65 percent. In 2008, ACICS accredited schools had an overall placement rate of 71 percent.⁶ Other national accreditation agencies have similar placement requirements.

Cohort Default Rates

In a perfect world, no students would default on Federal loans. And there is a way to achieve close to that perfect world—only lend money to students who are well to do or have well to do parents.

But we know as a society, as an economy, that is not an acceptable policy path, because such a policy would discriminate against the poor, against lower middle income families, and against minorities. It would prevent millions of capable students from pursuing their American dream by obtaining a post-secondary education. It would lower the standard of living for our citizens, making us less globally competitive and locking generations into cycles of poverty.

⁴ State Board of Career Colleges and Schools, 2008 Annual Report, page 12

⁵ Ibid, page 14

⁶ ACICS, Educating America’s Workforce: Key Operating Statistics, page 12

So we have a Federal student lending system that is open to all and accept the fact that such a policy carries some risks given the socio-economic status of the students. And, sure enough, we find that at institutions that accept lower income students and working adults, the average default rate of students is higher than that at traditional elite institutions. The GAO report makes the same point. Some students who graduate will not be able to repay their loans, even with their sheepskin. Those who do not complete usually have a much higher default rate.

This higher default rate is true of most, but not all, community colleges, minority serving institutions, and career colleges, as the GAO indicates. CCA does have member institutions with default rates as low as the most elite traditional institutions, but we also have those with higher default rates, often those in inner cities and other low income areas. The average across all career colleges is now 11%, slightly higher than the 9.9% for community colleges.

The current difficult economy, with so many unemployed or underemployed, is likely to lead to even higher default rates next year, just as it is leading to higher defaults in home mortgages, automobile loans, and credit cards.

However, it is not the policy of our sector simply to accept higher defaults as inevitable and unavoidable. We work aggressively as an Association and as a sector to minimize student defaults. Our Default Prevention Initiative (DPI) began in early 2003 as a way for CCA member institutions and members of the Department of Education's Default Prevention staff to share best practices in late state delinquency. The group evolved to its current form, with an active group of 40 institutional personnel, Department representatives, and CCA staff.

Over the past year, the school members worked to gather data on the characteristics of defaulters at various stages (early missed payments, late stage delinquency and defaulters) and developed strategies for identifying potential defaulters before the first late payment. Our goal is to use previously identified best practices to provide additional loan counseling and financial literacy education.

Currently, the DPI is working on developing a student loan default prevention program more rigorous than would be required by the Secretary should an institution be above the CDR threshold. The goal is to introduce this plan to the CCA membership at large as a tried-and-true default prevention plan and eventually to all of postsecondary education as a means of reducing CDRs universally.

The CCA/ED DPI will include intervention strategies for all stages of student borrowing and potential default, from before the first loan is disbursed through all possible points of contact during enrollment, graduation or withdrawal, and repayment or delinquency and rehabilitation.

We support policy changes that will help students not default. We are very pleased with the passage last year of the Income Based Repayment plan that took effect July 1 of this year that will allow students to pay lower amounts when they first graduate and have a lower earning capacity, with payments increasing as earnings increase. And we support a change in the law

that would allow financial aid officers to prevent students from overborrowing when their costs of education and/or post-graduation earnings capacity do not justify the loan amounts they are taking. I understand that the community colleges also support this idea.

We see no evidence that the type of isolated fraud found by GAO has more than a de minimis impact on default rates.

Proactive Compliance Programs

The record suggests that instances of fraud are few and controls exist to catch cheaters. That does not mean that we can rest on our laurels. Compliance is a subject on which I, my Board Chairman and other Members, and all of our leaders preach constantly to our members. CCA maintains an active compliance program educating our members across a range of issues, including admissions, required outcomes, financial aid, student records and other topics. We deliver this education through monthly webcasts, sessions at our Annual Convention, an extensive online library, feature articles in CCA's *Link* magazine, a Compliance Officer's Roundtable, and our annual Leadership Institute for next generation school leaders. In the 2+ years since I became CCA's head, we have conducted sixty compliance training sessions. State associations of career colleges also focus intensively on compliance training, including several that were offered at the Texas state association meeting last week. We urge our schools to attend training sessions put on by the Department, especially in the financial aid area, one of the most complex areas of law and regulation not just in higher education, but in the entire legal world.

Our schools carry out internal compliance programs, understanding the legal and reputational risks to their institutions. These include intensive training, oversight and review, internal and external audits, and even such tactics as "mystery shopping," in which schools hire outside firms to appear as potential students to ensure that admissions officers and financial aid officers are being accurate and informative in all their presentations.

The schools are all subject to what is referred to in higher education as the "triad of regulation," Federal Department of Education oversight, state regulation and oversight, and accreditor review and oversight. And they are reviewed daily by their customers—the students who attend.

Conclusions

The Career College Association and its members have zero tolerance for fraud in the admissions process or in any other aspect of school operations. Both the Association and its members maintain active compliance programs and seek to uphold the highest standards of ethical practice. From time to time, as with all types of institutions in higher education, individuals cross a line and engage in activity that abuses the system and harms both the school and its students. Such episodes are small in number and do not significantly contribute to elevated cohort default rates. Career colleges do better than other types of institutions in educating

non-traditional students and working with them to complete postsecondary programs. That being said, non-traditional students are often those with the greatest social pressures and fewest financial resources starting out in life. It is not surprising, therefore, that studies would show that non-traditional students have the highest rates of loan default. CCA and its member schools are committed to working with all students to assure high rates of academic success, job placement and loan repayment.